By: Perry, et al.

1

6

S.B. No. 3

A BILL TO BE ENTITLED

AN ACT

2 relating to the regulation of consumable hemp products and the 3 hemp-derived cannabinoids contained in those products; requiring a 4 registration; imposing fees; creating criminal offenses; providing 5 an administrative penalty.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 443.001, Health and Safety Code, is amended by amending Subdivision (1) and adding Subdivision (8-a) to read as follows:

10 (1) "Consumable hemp product" means food, a drug, a 11 device, or a cosmetic, as those terms are defined by Section 12 431.002, that contains hemp or one or more hemp-derived 13 cannabinoids, including cannabidiol <u>or cannabigerol</u>.

14 (8-a) "Minor" means a person under 21 years of age.

SECTION 2. Subchapter A, Chapter 443, Health and Safety Code, is amended by adding Section 443.0025 to read as follows:

17Sec. 443.0025.LOW-THC CANNABIS.This chapter does not18apply to low-THC cannabis regulated under Chapter 487.

SECTION 3. Subchapter C, Chapter 443, Health and Safety
Code, is amended by adding Section 443.1035 to read as follows:

21 Sec. 443.1035. LICENSING FEES. (a) An applicant for a
22 license under this subchapter shall pay an initial licensing fee to
23 the department in the amount of \$10,000 for each location where the
24 applicant intends to process hemp or manufacture a consumable hemp

product. 1 (b) Before the department may renew a license as provided by 2 Section 443.104, a license holder shall pay a renewal fee to the 3 department in the amount of \$10,000 for each location where the 4 applicant intends to process hemp or manufacture a consumable hemp 5 6 product. 7 SECTION 4. Section 443.104(b), Health and Safety Code, is amended to read as follows: 8 9 (b) The department shall renew a license if the license 10 holder: 11 (1)is not ineligible to hold the license under Section 443.102; 12 13 (2) has not violated this chapter or a rule adopted 14 under this chapter; 15 (3) submits to the department any license renewal fee; 16 and 17 (4) [(3)] does not owe any outstanding fees to the department. 18 SECTION 5. Subchapter C, Chapter 443, Health and Safety 19 Code, is amended by adding Section 443.106 to read as follows: 20 Sec. 443.106. RESTRICTION ON MANUFACTURE OF CERTAIN 21 CONSUMABLE HEMP PRODUCTS. A license holder may not manufacture a 22 consumable hemp product that contains any amount of a cannabinoid 23 24 other than cannabidiol or cannabigerol. 25 SECTION 6. Section 443.151, Health and Safety Code, is amended by amending Subsections (a), (b), and (d) and adding 26 Subsections (d-1) and (d-2) to read as follows: 27

1 (a) A consumable hemp product must be tested as provided
2 by[+
3 [(1)] Subsections (b), [and] (c), and[; or

[(2) Subsection] (d).

S.B. No. 3

5 (b) Before a hemp plant is processed or otherwise used in 6 the manufacture of a consumable hemp product, a sample representing 7 the plant must be tested, as required by the executive 8 commissioner, to determine:

9 (1) the concentration <u>and identity</u> of <u>the</u> [various] 10 cannabinoids <u>in the plant</u>; and

(2) the presence or quantity of heavy metals, pesticides, <u>microbial contamination</u>, and any other substance prescribed by the department.

14 (d) <u>Before</u> [Except as otherwise provided by Subsection (e), 15 <u>before</u>] a consumable hemp product is sold at retail or otherwise 16 introduced into commerce in this state, a sample representing the 17 hemp product must be tested:

18 19

4

(1) by a laboratory that is:

(A) located in this state;

20

(B) registered with the United States Drug

21 Enforcement Administration; and

22 (C) accredited by an accreditation body in 23 accordance with International Organization for Standardization 24 ISO/IEC 17025 or a comparable or successor standard to determine 25 the <u>identity and</u> [delta-9 tetrahydrocannabinol] concentration of 26 <u>any cannabinoids contained in</u> the product; and

27 (2) by an appropriate laboratory to determine that the

product does not contain a substance described by Subsection (b)(2)
[(b)] or (c) in a quantity prohibited for purposes of those
subsections.

4 <u>(d-1) The testing required under Subsection (d) must use</u> 5 <u>post-decarboxylation, high-performance liquid chromatography, or a</u> 6 <u>similar method that includes the conversion of</u> 7 <u>tetrahydrocannabolic acid into tetrahydrocannabinol to determine</u> 8 <u>the total tetrahydrocannabinol concentration in a tested product.</u>

9 (d-2) A person that tests a consumable hemp product under
 10 Subsection (d) shall report the test results to the department in
 11 the form and manner required by the department.

SECTION 7. Sections 443.152(a) and (c), Health and Safety
Code, are amended to read as follows:

(a) A consumable hemp product that <u>contains any amount of a</u>
<u>cannabinoid other than cannabidiol or cannabigerol</u> [has a delta=9
<u>tetrahydrocannabinol concentration of more than 0.3 percent</u>] may
not be sold at retail or otherwise introduced into commerce in this
state.

A license holder shall make available to a seller of a (C) 19 20 consumable hemp product processed or manufactured by the license holder the results of testing required by Section 443.151. The 21 results may accompany a shipment to the seller or be made available 22 to the seller electronically. If the results are not able to be 23 24 made available, the seller may have the testing required under Section 443.151 performed on the product and shall make the results 25 available to a consumer and the department. 26

27 SECTION 8. Sections 443.202(b) and (c), Health and Safety

1 Code, are amended to read as follows:

(b) Notwithstanding any other law, a person may not sell,
offer for sale, possess, distribute, or transport a cannabinoid
oil[, including cannabidiol oil,] in this state:

5 (1) if the oil contains any material extracted or 6 derived from the plant Cannabis sativa L., other than from hemp 7 produced in compliance with 7 U.S.C. Chapter 38, Subchapter VII; 8 and

9 (2) unless a sample representing the oil has been tested by a laboratory that is accredited by an independent 10 11 accreditation body in accordance with International Organization for Standardization ISO/IEC 17025 or a comparable or successor 12 standard and found to not contain any amount of a cannabinoid other 13 than cannabidiol or cannabigerol [have a delta-9 14 15 tetrahydrocannabinol concentration of not more than 0.3 percent].

16 (c) The department [and the Department of Public Safety] 17 shall establish a process for the [random] testing of cannabinoid 18 oil[, including cannabidiol oil,] at various retail and other 19 establishments that sell, offer for sale, distribute, or use the 20 oil to ensure that the oil:

21

does not contain harmful ingredients;

(2) is produced in compliance with 7 U.S.C. Chapter38, Subchapter VII; and

24 (3) <u>does not contain any amount of a cannabinoid other</u>
 25 <u>than cannabidiol or cannabigerol</u> [has a delta-9
 26 tetrahydrocannabinol concentration of not more than 0.3 percent].
 27 SECTION 9. The heading to Section 443.2025, Health and

Safety Code, is amended to read as follows: 1

Sec. 443.2025. REGISTRATION REQUIRED FOR RETAILERS 2 OF CERTAIN CONSUMABLE HEMP PRODUCTS. 3

SECTION 10. Section 443.2025, Health and Safety Code, is 4 amended by amending Subsections (b), (d), and (f) and adding 5 Subsections (h) and (i) to read as follows: 6

7 (b) A person may not sell consumable hemp products containing <u>a cannabinoid</u> [cannabidiol] at retail in this state 8 9 unless the person registers with the department each location 10 owned, operated, or controlled by the person at which those products are sold. A person is not required to register a location 11 associated with an employee [or independent contractor] described 12 13 by Subsection (d).

A person is not required to register with the department 14 (d) 15 under Subsection (b) if the person is [+

16

[(1)] an employee of a registrant[; or

17 [(2) an independent contractor of a registrant who sells the registrant's products at retail]. 18

The owner of a location at which consumable hemp 19 (f) products are sold shall annually pay to the department a 20 registration fee in the amount of \$20,000 for each location owned by 21 22 the person at which those products are sold [The department by rule may adopt a registration fee schedule that establishes reasonable 23 fee amounts for the registration of: 24

25 [(1) a single location at which consumable hemp 26 products containing cannabidiol are sold; and

[(2) multiple locations at which consumable hemp 27

1	products containing cannabidiol are sold under a single
2	registration].
3	(h) The department shall provide to the Department of Public
4	Safety the information provided to the department under Subsection
5	(g)(2).
6	(i) A person may not sell consumable hemp products unless
7	the person has provided to the department written consent from the
8	person or the property owner, if the person is not the property
9	owner, allowing the department, the Department of Public Safety,
10	and any other state or local law enforcement agency to enter onto
11	all premises where consumable hemp products are sold to conduct a
12	physical inspection or to ensure compliance with this chapter and
13	rules adopted under this chapter.
14	SECTION 11. Subchapter E, Chapter 443, Health and Safety
15	Code, is amended by adding Section 443.2026 to read as follows:
16	Sec. 443.2026. CONSUMABLE HEMP PRODUCT REGISTRATION. (a)
17	A consumable hemp product may not be offered for sale in this state
18	unless the manufacturer of the product, before selling the product
19	to a retailer:
20	(1) submits an application for the consumable hemp
21	product to be registered with the department; and
22	(2) receives approval that the product is compliant
23	with this chapter, registered, and approved for sale in this state.
24	(b) The department shall issue a unique product
25	registration number to each consumable hemp product approved by the
26	department.
27	(c) A manufacturer applying to register a consumable hemp

1	product under this section shall pay an application fee to the
2	department in the amount of \$500 for each consumable hemp product.
3	(d) The department shall maintain an updated product
4	registration list on the department's public Internet website,
5	which must include front and back identifying pictures of each
6	registered product.
7	(e) Each consumable hemp product, including the container
8	and package, if applicable, must be labeled with:
9	(1) a QR code that links:
10	(A) to the department's product registration
11	list under Subsection (d); and
12	(B) to the identifying picture of the product
13	provided on registration of the product with the department under
14	Subsection (d) for the purpose of confirming registration of the
15	product and allowing verification of the product by law
16	enforcement; and
17	(2) the following message placed adjacent to the
18	required QR code on the label: "SCAN QR CODE BEFORE PURCHASE".
19	(f) The department may not approve for sale a consumable
20	hemp product that:
21	(1) contains any artificial or synthetic
22	cannabinoids; or
23	(2) contains or is mixed with any alcohol, tobacco,
24	nicotine, kratom, kava, mushrooms, or a derivative of any of those
25	items.
26	(g) A person commits an offense if the person distributes,
27	delivers, sells, purchases, possesses, or uses a consumable hemp

1 product that is not registered with the department as provided by
2 this section.

3 (h) An offense under this section is a Class B misdemeanor.
4 (i) A person is presumed to know a consumable hemp product
5 is prohibited under this chapter if the product is not listed on the
6 department's Internet website as required by Subsection (d) or does
7 not have a valid QR code under Subsection (e).

8 <u>(j) The executive commissioner shall adopt rules to</u> 9 <u>implement and administer this section.</u>

SECTION 12. Section 443.203, Health and Safety Code, is amended to read as follows:

Sec. 443.203. DECEPTIVE TRADE PRACTICE. (a) A person who 12 13 sells, offers for sale, or distributes a consumable hemp product [cannabinoid oil, including cannabidiol oil, that the person 14 15 claims is processed or manufactured in compliance with this chapter 16 commits a false, misleading, or deceptive act or practice actionable under Subchapter E, Chapter 17, Business & Commerce 17 Code, if the product [oil] is not processed or manufactured in 18 accordance with this chapter. 19

(b) A person who sells, offers for sale, or distributes a
<u>consumable hemp product</u> [cannabinoid oil] commits a false,
misleading, or deceptive act or practice actionable under
Subchapter E, Chapter 17, Business & Commerce Code, if [the oil]:

24 (1) <u>the product</u> contains harmful ingredients;
25 (2) <u>the product</u> is not produced in compliance with 7
26 U.S.C. Chapter 38, Subchapter VII; [or]

27 (3) the product contains any amount of a cannabinoid

1 other than cannabidiol or cannabigerol; or

2 (4) the product's packaging or advertising indicates 3 that the product is for medical use [has a delta-9 4 tetrahydrocannabinol concentration of more than 0.3 percent].

5 SECTION 13. Section 443.204, Health and Safety Code, is 6 amended to read as follows:

Sec. 443.204. RULES RELATED TO SALE OF CONSUMABLE HEMP
PRODUCTS. Rules adopted by the executive commissioner regulating
the sale of consumable hemp products must to the extent allowable by
federal law reflect the following principles:

11 (1) hemp-derived [cannabinoids, including]
12 cannabidiol <u>and cannabigerol</u>[-] are not considered controlled
13 substances or adulterants;

14 (2) products containing [one or more] hemp-derived 15 [cannabinoids, such as] cannabidiol <u>or cannabigerol</u>[,] intended 16 for ingestion are considered foods, not controlled substances or 17 adulterated products; <u>and</u>

18 (3) consumable hemp products must be packaged and
19 labeled in the manner provided by Section 443.205[, and

20 [(4) the processing or manufacturing of a consumable
21 hemp product for smoking is prohibited].

22 SECTION 14. Sections 443.205(a) and (c), Health and Safety 23 Code, are amended to read as follows:

(a) Before a consumable hemp product that contains or is
 marketed as containing [more than trace amounts of] cannabinoids
 may be distributed or sold, the product must be:

27 (1) labeled in the manner provided by this subchapter,

including [section with] the following information: 1 2 (A) [(1)] batch identification number; (B) [(2)] batch date; 3 4 (C) [(3)] product name; (D) [(4)] a uniform resource locator (URL) that 5 provides or links to a certificate of analysis for the product or 6 7 each hemp-derived ingredient of the product; (E) [(5)] the 8 name of the product's 9 manufacturer; 10 (F) the amount of cannabidiol or cannabigerol in 11 each serving or unit of the product; and 12 (G) [(G)] a certification that there is no 13 detectable amount of any cannabinoid other than cannabidiol or cannabigerol in the product; and 14 15 (2) prepackaged or placed at the time of sale in 16 packaging or a container that is: 17 (A) tamper-evident; 18 (B) child-resistant; and (C) if the product contains multiple servings or 19 consists of multiple products purchased in one transaction, 20 resealable in a manner that allows the child-resistant mechanism to 21 remain intact [the delta-9 tetrahydrocannabinol concentration of 22 the product or each hemp-derived ingredient of the product is not 23 24 more than 0.3 percent]. 25 (c) The label required by Subsection (a) must appear on the

26 <u>outer packaging of</u> each unit of the product intended for individual 27 retail sale. [If that unit includes inner and outer packaging, the

1 label may appear on any of that packaging.]
2 SECTION 15. Subchapter E, Chapter 443, Health and Safety
3 Code, is amended by adding Sections 443.2055 and 443.2056 to read as
4 follows:

5 Sec. 443.2055. OFFENSE: MARKETING OF CONSUMABLE HEMP PRODUCT OR PACKAGING IN MANNER ATTRACTIVE TO MINORS. (a) A person 6 7 commits an offense if the person markets, advertises, sells, or causes to be sold an edible consumable hemp product containing a 8 9 hemp-derived cannabinoid that: 10 (1) is in the shape of a human, animal, fruit, or 11 cartoon or in another shape that is attractive to children; or (2) is in packaging or a container that: 12 13 (A) is in the shape of a human, animal, fruit, or cartoon or in another shape that is attractive to children; 14 15 (B) depicts an image of a human, animal, fruit, 16 or cartoon or another image that is attractive to children; 17 (C) imitates or mimics trademarks or trade dress of products that are or have been primarily marketed to minors; 18 (D) includes a symbol that is primarily used to 19 20 market products to minors; (E) includes an image of a celebrity; or 21 22 (F) includes an image that resembles a food 23 product, including candy or juice. (b) In this section, a cartoon includes a depiction of an 24 25 object, person, animal, creature, or any similar caricature that: (1) uses comically exaggerated features and 26 27 attributes;

	S.B. No. 3
1	(2) assigns human characteristics to animals, plants,
2	or other objects; or
3	(3) has unnatural or extra-human abilities, such as
4	imperviousness to pain or injury, x-ray vision, tunneling at very
5	high speeds, or transformation.
6	(c) An offense under this section is a Class A misdemeanor.
7	Sec. 443.2056. OFFENSE: MISLEADING CONSUMABLE HEMP
8	PACKAGING. (a) A person commits an offense if the person sells or
9	offers for sale a consumable hemp product that contains or is
10	marketed as containing hemp-derived cannabinoids in a package that
11	depicts any statement, artwork, or design that would likely mislead
12	a person to believe:
13	(1) the package does not contain a hemp-derived
14	cannabinoid; or
15	(2) the product is intended for medical use, including
16	by depicting a green cross.
17	(b) An offense under this section is a Class A misdemeanor.
18	SECTION 16. Section 443.206, Health and Safety Code, is
19	amended to read as follows:
20	Sec. 443.206. RETAIL SALE OF OUT-OF-STATE CONSUMABLE HEMP
21	PRODUCTS. Retail sales of consumable hemp products processed or
22	manufactured outside of this state may be made in this state when
23	the products were processed or manufactured in another state or
24	jurisdiction if the products:
25	(1) were manufactured or processed in compliance with:
26	(A) [(1)] that <u>state's</u> [state] or jurisdiction's
27	plan approved by the United States Department of Agriculture under

7 U.S.C. Section 1639p; 1 (B) [(2)] a plan established under 7 U.S.C. 2 Section 1639q if that plan applies to the state or jurisdiction; or 3 4 (C) [(3)] the laws of that state or jurisdiction if the products are tested in accordance with, or in a manner 5 similar to, Section 443.151; 6 7 (2) do not contain any amount of a cannabinoid other than cannabidiol or cannabigerol; and 8 9 (3) are packaged and labeled in the manner provided by this subchapter. 10 11 SECTION 17. Chapter 443, Health and Safety Code, is amended by adding Subchapters F and G to read as follows: 12 13 SUBCHAPTER F. CRIMINAL OFFENSES Sec. 443.251. OFFENSE: MANUFACTURE, DELIVERY, 14 OR 15 POSSESSION WITH INTENT TO DELIVER OF CERTAIN CONSUMABLE HEMP 16 PRODUCTS. (a) A person commits an offense if the person knowingly manufactures, delivers, or possesses with intent to deliver a 17 18 consumable hemp product that contains any amount of a cannabinoid other than cannabidiol or cannabigerol. 19 20 (b) An offense under this section is a felony of the third 21 degree. 22 (c) If conduct constituting an offense under this section also constitutes an offense under another law, the actor may be 23 prosecuted under this section, the other law, or both. 24 25 Sec. 443.252. OFFENSE: POSSESSION OF CERTAIN CONSUMABLE HEMP PRODUCTS. (a) A person commits an offense if the person 26 27 knowingly or intentionally possesses a consumable hemp product that

1 contains any amount of a cannabinoid other than cannabidiol or 2 cannabigerol.

3 (b) An offense under this section is a Class A misdemeanor.
4 (c) If conduct constituting an offense under this section
5 also constitutes an offense under another law, the actor may be
6 prosecuted under this section, the other law, or both.

Sec. 443.253. OFFENSE: SALE OR DISTRIBUTION OF CERTAIN CONSUMABLE HEMP PRODUCTS TO PERSONS YOUNGER THAN 21 YEARS OF AGE; PROOF OF AGE REQUIRED. (a) A person commits an offense if the person, with criminal negligence, sells a consumable hemp product that contains or is marketed as containing hemp-derived cannabinoids to a person who is younger than 21 years of age.

13 (b) An employee of the owner of a store in which consumable 14 hemp products that contain or are marketed as containing 15 hemp-derived cannabinoids are sold at retail is criminally 16 responsible and subject to prosecution for an offense under this 17 section that occurs in connection with a sale by the employee.

18 (c) An offense under this section is a Class A misdemeanor.
 19 (d) It is a defense to prosecution under Subsection (a) that
 20 the person to whom the consumable hemp product was sold presented to
 21 the defendant apparently valid proof of identification.

(e) A proof of identification satisfies the requirements of Subsection (d) if it contains a physical description and photograph consistent with the person's appearance, purports to establish that the person is 21 years of age or older, and was issued by a governmental agency. The proof of identification may include a driver's license issued by this state or another state, a passport,

	S.B. NO. 3
1	or an identification card issued by a state or the federal
2	government.
3	(f) The owner of a store in which consumable hemp products
4	that contain or are marketed as containing hemp-derived
5	cannabinoids are sold, or an employee of the owner, may not display
6	consumable hemp products for sale adjacent to products that are
7	legal for children to consume.
8	Sec. 443.254. OFFENSE: MANUFACTURE, DISTRIBUTION, OR SALE
9	OF CONSUMABLE HEMP PRODUCTS FOR SMOKING. (a) A person commits an
10	offense if the person manufactures, distributes, sells, or offers
11	for sale a consumable hemp product for smoking.
12	(b) An offense under this section is a Class B misdemeanor.
13	Sec. 443.255. OFFENSE: SALE OR DELIVERY OF CERTAIN
14	CONSUMABLE HEMP PRODUCTS NEAR SCHOOL. (a) In this section,
15	"school" and "premises" have the meanings assigned by Section
16	481.134.
17	(b) A person commits an offense if the person sells, offers
18	for sale, or delivers a consumable hemp product containing a
19	hemp-derived cannabinoid in, on, or within 1,000 feet of the
20	premises of a school.
21	(c) An offense under this section is a Class B misdemeanor.
22	Sec. 443.256. OFFENSE: PROVISION OF CERTAIN CONSUMABLE HEMP
23	PRODUCT BY COURIER, DELIVERY, OR MAIL SERVICE. (a) A person
24	commits an offense if the person provides a consumable hemp product
25	containing a hemp-derived cannabinoid by courier, delivery, or mail
26	service.
27	(b) An offense under this section is a Class A misdemeanor.

1	Sec. 443.257. OFFENSE: FALSE LABORATORY REPORT. (a) A
2	person commits an offense if the person, with the intent to deceive,
3	forges, falsifies, or alters the results of a laboratory test
4	authorized or required by this chapter.
5	(b) An offense under this section is a felony of the third
6	degree.
7	Sec. 443.258. OFFENSE: MANUFACTURING OR SELLING WITHOUT
8	LICENSE OR REGISTRATION. (a) A person commits an offense if the
9	person:
10	(1) processes hemp or manufactures a consumable hemp
11	product without a license issued under Subchapter C; or
12	(2) sells at retail or offers for sale at retail a
13	consumable hemp product without registering as a retailer under
14	Section 443.2025.
15	(b) An offense under this section is a felony of the third
16	degree.
17	SUBCHAPTER G. ADMINISTRATIVE ENFORCEMENT
18	Sec. 443.301. ENFORCEMENT BY DEPARTMENT. (a) The
19	department shall receive and investigate complaints concerning
20	violations of this chapter by:
21	(1) a license holder under Subchapter C; or
22	(2) a registrant under Section 443.2025.
23	(b) The department may revoke, suspend, or refuse to renew a
24	license or registration for a violation of this chapter or a rule
25	adopted under this chapter.
26	(c) The department may impose an administrative penalty in
27	an amount not to exceed \$10,000 against a license holder or

1 registrant for each violation of this chapter or a rule adopted
2 under this chapter.
3 (d) A proceeding under this section is a contested case

4 under Chapter 2001, Government Code.

5 SECTION 18. The following provisions of the Health and 6 Safety Code are repealed:

7

(1) Section 443.151(e);

(2)

Section 443.201; and

8

9

(3) Sections 443.202(a) and 443.2025(a) and (c).

10 SECTION 19. Not later than December 1, 2025, the executive 11 commissioner of the Health and Human Services Commission shall 12 adopt the rules required by Section 443.2026, Health and Safety 13 Code, as added by this Act.

SECTION 20. (a) Except as otherwise provided by Subsection 14 15 (b) of this section, the changes in law made by this Act apply to the 16 manufacture, sale, delivery, or possession of a consumable hemp product that occurs on or after the effective date of this Act. The 17 manufacture, sale, delivery, or possession of a consumable hemp 18 product that occurs before the effective date of this Act is 19 20 governed by the law in effect on the date the manufacture, sale, delivery, or possession occurred and the former law is continued in 21 22 effect for that purpose.

(b) A person selling consumable hemp products on the effective date of this Act is not required to register a product under Section 443.2026, Health and Safety Code, as added by this Act, before January 1, 2026.

27 SECTION 21. This Act takes effect September 1, 2025.